

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

79-1150

GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

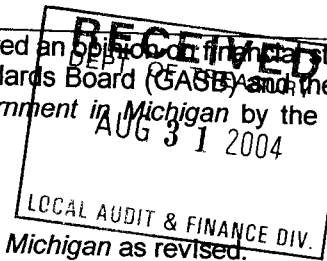
Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Kingston	County Tuscola
Audit Date March 31, 2004	Opinion Date July 14, 2004	Date Accountant Report Submitted to State: July 14, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.



We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 14, 2004

To the Township Board
Township of Kingston
Tuscola County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Kingston, Tuscola County, Michigan, as of March 31, 2004, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Kingston's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Kingston, Tuscola County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Kingston, Tuscola County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements, taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS EXHIBIT A
March 31, 2004

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>
<u>Assets</u>			
Cash in bank	107 457 50	98 269 27	-
Taxes receivable	4 257 85	5 601 82	-
Special assessments receivable	-	7 171 00	-
Land	-	-	-
Buildings	-	-	-
Equipment	-	-	-
Total Assets	<u>111 715 35</u>	<u>111 042 09</u>	<u>-</u>
<u>Liabilities and Fund Equity</u>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:			
Investment in general fixed assets	-	-	-
Fund balances:			
Unreserved:			
Undesignated:	<u>111 715 35</u>	<u>111 042 09</u>	<u>-</u>
Total fund equity	<u>111 715 35</u>	<u>111 042 09</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>111 715 35</u>	<u>111 042 09</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

<u>Account Group</u> <u>General</u> <u>Fixed Assets</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
-	205 726 77
-	9 859 67
-	7 171 00
3 000 79	3 000 79
29 597 00	29 597 00
<u>31 749 20</u>	<u>31 749 20</u>
<u>64 346 99</u>	<u>287 104 43</u>
-	-
64 346 99	64 346 99
-	222 757 44
<u>64 346 99</u>	<u>287 104 43</u>
<u>64 346 99</u>	<u>287 104 43</u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 1

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Revenues:			
Property taxes	37 450 92	49 271 91	86 722 83
Special assessments	-	51 611 00	51 611 00
State revenue sharing	89 270 00	-	89 270 00
Licenses and permits	480 00	-	480 00
Interest	560 39	612 59	1 172 98
Miscellaneous	<u>11 822 97</u>	<u>-</u>	<u>11 822 97</u>
Total revenues	<u>139 584 28</u>	<u>101 495 50</u>	<u>241 079 78</u>
Expenditures:			
Legislative:			
Township Board	12 966 16	-	12 966 16
General government:			
Supervisor	3 857 80	-	3 857 80
Elections	834 95	-	834 95
Assessor	6 816 60	-	6 816 60
Clerk	7 635 61	-	7 635 61
Board of Review	785 00	-	785 00
Treasurer	8 525 36	-	8 525 36
Township hall and grounds	1 356 43	-	1 356 43
Public safety:			
Fire protection	21 700 00	-	21 700 00
Sanitation	-	50 767 50	50 767 50
Planning and zoning	4 340 00	-	4 340 00
Public works:			
Highways and streets	9 659 10	67 992 62	77 651 72
Streets lighting	824 61	-	824 61
Drains at large	13 073 14	-	13 073 14
Capital outlay	<u>399 99</u>	<u>-</u>	<u>399 99</u>
Total expenditures	<u>92 774 75</u>	<u>118 760 12</u>	<u>211 534 87</u>
Excess (deficiency) of revenues over expenditures	<u>46 809 53</u>	<u>(17 264 62)</u>	<u>29 544 91</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
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	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Other financing sources (uses):			
Operating transfers in	2 500 00	-	2 500 00
Operating transfers out	-	(2 500 00)	(2 500 00)
Total other financing sources (uses)	<u>2 500 00</u>	<u>(2 500 00)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	49 309 53	(19 764 62)	29 544 91
Fund balances, April 1	<u>62 405 82</u>	<u>130 806 71</u>	<u>193 212 53</u>
Fund Balances, March 31	<u>111 715 35</u>	<u>111 042 09</u>	<u>222 757 44</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

EXHIBIT C
Page 1

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues:			
Property taxes	40 000 00	37 450 92	(2 549 08)
Special assessments	-	-	-
State revenue sharing	80 000 00	89 270 00	9 270 00
Licenses and permits	900 00	480 00	(420 00)
Interest	1 500 00	560 39	(939 61)
Miscellaneous	16 000 00	11 822 97	(4 177 03)
Total revenues	<u>138 400 00</u>	<u>139 584 28</u>	<u>1 184 28</u>
Expenditures:			
Legislative:			
Township Board	15 300 00	12 966 16	(2 333 84)
General government:			
Supervisor	3 947 00	3 857 80	(89 20)
Elections	1 000 00	834 95	(165 05)
Assessor	8 153 00	6 816 60	(1 336 40)
Clerk	9 400 00	7 635 61	(1 764 39)
Board of Review	1 000 00	785 00	(215 00)
Treasurer	8 600 00	8 525 36	(74 64)
Township hall and grounds	1 500 00	1 356 43	(143 57)
Public safety:			
Fire protection	23 000 00	21 700 00	(1 300 00)
Sanitation	-	-	-
Planning and zoning	6 300 00	4 340 00	(1 960 00)
Public works:			
Highways and streets	45 000 00	9 659 10	(35 340 90)
Street lighting	1 000 00	824 61	(175 39)
Drains at large	26 000 00	13 073 14	(12 926 86)
Other:			
Contingency	17 800 00	-	(17 800 00)
Capital outlay	400 00	399 99	(01)
Total expenditures	<u>168 400 00</u>	<u>92 774 75</u>	<u>(75 625 25)</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
47 000 00	49 271 91	2 271 91
21 000 00	51 611 00	30 611 00
-	-	-
-	-	-
700 00	612 59	(87 41)
-	-	-
<u>68 700 00</u>	<u>101 495 50</u>	<u>32 795 50</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
55 200 00	50 767 50	(4 432 50)
-	-	-
80 952 00	67 992 62	(12 959 38)
-	-	-
-	-	-
-	-	-
-	-	-
<u>136 152 00</u>	<u>118 760 12</u>	<u>(17 391 88)</u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL AND SPECIAL REVENUE FUNDS

Year Ended March 31, 2004

EXHIBIT C
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	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Excess (deficiency) of revenues over expenditures	<u>(30 000 00)</u>	<u>46 809 53</u>	<u>76 809 53</u>
Other financing sources (uses):			
Operating transfers in	-	2 500 00	2 500 00
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2 500 00</u>	<u>2 500 00</u>
Excess of revenues and other sources over expenditures and other uses	(30 000 00)	49 309 53	79 309 53
Fund balances, April 1	<u>30 000 00</u>	<u>62 405 82</u>	<u>32 405 82</u>
Fund Balances, March 31	<u>-</u>	<u>111 715 35</u>	<u>111 715 35</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<u>(67 452 00)</u>	<u>(17 264 62)</u>	<u>50 187 38</u>
-	-	-
<u>(2 500 00)</u>	<u>(2 500 00)</u>	<u>-</u>
<u>(2 500 00)</u>	<u>(2 500 00)</u>	<u>-</u>
(69 952 00)	(19 764 62)	50 187 38
<u>69 952 00</u>	<u>130 806 71</u>	<u>60 854 71</u>
<u>-</u>	<u>111 042 09</u>	<u>111 042 09</u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Kingston, Tuscola County, Michigan conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Kingston. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting due to legal or regulatory provisions.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Group

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 3.4375 mills. The taxable value was \$25,213,716.00.

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of the fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>205 726 77</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	100 000 00
Uninsured and Uncollateralized	<u>83 035 52</u>
Total Deposits	<u>183 035 52</u>

The Township of Kingston did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land	3 000 79	-	-	3 000 79
Buildings	29 597 00	-	-	29 597 00
Equipment	<u>31 349 21</u>	<u>399 99</u>	<u>-</u>	<u>31 749 20</u>
Totals	<u>63 947 00</u>	<u>399 99</u>	<u>-</u>	<u>64 346 99</u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 4 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The total pension expense for the year ended March 31, 2004, was \$4,716.43.

Note 6 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 7 – Building Permits

The Township of Kingston does not issue building permits. Building permits are issued by the County of Tuscola.

Note 8 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2004, the Township made the following interfund transfers:

Fund	<u>Transfers In</u>	Fund	<u>Transfers Out</u>
General	<u>2 500 00</u>	Garbage	<u>2 500 00</u>

Note 9 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Wages	1 804 00
Payroll taxes	501 31
Retirement	4 716 43
Insurance	3 997 00
Miscellaneous	<u>1 947 42</u>
	<u>12 966 16</u>
Supervisor:	
Wages	3 607 00
Deputy wages	240 00
Supplies	<u>10 80</u>
	<u>3 857 80</u>
Elections:	
Wages and miscellaneous	<u>834 95</u>
Assessor:	
Wages	6 227 00
Deputy wages	<u>589 60</u>
	<u>6 816 60</u>
Clerk:	
Wages	6 800 00
Deputy Clerk wages	240 00
Supplies	<u>595 61</u>
	<u>7 635 61</u>
Board of Review:	
Wages	603 00
Miscellaneous	<u>182 00</u>
	<u>785 00</u>
Treasurer:	
Wages	6 010 00
Deputy Treasurer wages	240 00
Supplies	<u>2 275 36</u>
	<u>8 525 36</u>
Township hall and grounds:	
Supplies	<u>1 356 43</u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Fire protection:	
Contracted services	<u>21 700 00</u>
Planning and zoning:	
Wages	<u>4 340 00</u>
Highways and streets:	
Repairs and maintenance	<u>9 659 10</u>
Street lighting:	
Utilities	<u>824 61</u>
Drains at large	<u>13 073 14</u>
Capital outlay	<u>399 99</u>
Total Expenditures	<u><u>92 774 75</u></u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

COMBINED BALANCE SHEET – ALL SPECIAL REVENUE FUNDS EXHIBIT E
March 31, 2004

	<u>Garbage Fund</u>	<u>Road Fund</u>	<u>Total (Memorandum Only)</u>
<u>Assets</u>			
Cash in bank	40 235 01	58 034 26	98 269 27
Taxes receivable	-	5 601 82	5 601 82
Special assessment receivable	<u>7 171 00</u>	<u>-</u>	<u>7 171 00</u>
Total Assets	<u><u>47 406 01</u></u>	<u><u>63 636 08</u></u>	<u><u>111 042 09</u></u>
<u>Liabilities and Fund Equity</u>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	<u>47 406 01</u>	<u>63 636 08</u>	<u>111 042 09</u>
Total fund equity	<u><u>47 406 01</u></u>	<u><u>63 636 08</u></u>	<u><u>111 042 09</u></u>
Total Liabilities and Fund Equity	<u><u>47 406 01</u></u>	<u><u>63 636 08</u></u>	<u><u>111 042 09</u></u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS

EXHIBIT F

March 31, 2004

	<u>Garbage Fund</u>	<u>Road Fund</u>	<u>Total (Memorandum Only)</u>
Revenues:			
Property taxes	-	49 271 91	49 271 91
Special assessments	51 611 00	-	51 611 00
Interest	<u>151 86</u>	<u>460 73</u>	<u>612 59</u>
Total revenues	<u>51 762 86</u>	<u>49 732 64</u>	<u>101 495 50</u>
Expenditures:			
Public safety:			
Sanitation	50 767 50	-	50 767 50
Public works:			
Highways and streets	<u>-</u>	<u>67 992 62</u>	<u>67 992 62</u>
Total expenditures	<u>50 767 50</u>	<u>67 992 62</u>	<u>118 760 12</u>
Excess (deficiency) of revenues over expenditures	<u>995 36</u>	<u>(18 259 98)</u>	<u>(17 264 62)</u>
Other financing sources (uses):			
Operating transfers out	<u>(2 500 00)</u>	<u>-</u>	<u>(2 500 00)</u>
Total other financing sources (uses)	<u>(2 500 00)</u>	<u>-</u>	<u>(2 500 00)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1 504 64)	(18 259 98)	(19 764 62)
Fund balances, April 1	<u>48 910 65</u>	<u>81 896 06</u>	<u>130 806 71</u>
Fund Balances, March 31	<u><u>47 406 01</u></u>	<u><u>63 636 08</u></u>	<u><u>111 042 09</u></u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT G

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank	-	620 679 38	620 679 38	-
Total Assets	<u>-</u>	<u>620 679 38</u>	<u>620 679 38</u>	<u>-</u>
<u>Liabilities</u>				
Due to other funds	-	122 104 50	122 104 50	-
Due to others	-	498 574 88	498 574 88	-
Total Liabilities	<u>-</u>	<u>620 679 38</u>	<u>620 679 38</u>	<u>-</u>

TOWNSHIP OF KINGSTON
Tuscola County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT H

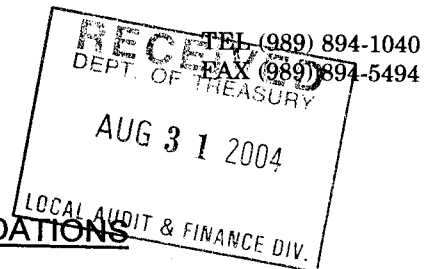
Cash in bank – beginning of year	<u>-</u>
Cash receipts:	
Property tax	<u>620 679 38</u>
Total cash receipts	<u>620 679 38</u>
Total beginning balance and cash receipts	<u>620 679 38</u>
Cash disbursements:	
Township General Fund	33 994 41
Township Road Fund	43 670 09
Township Garbage Fund	44 440 00
Tuscola County	218 159 10
Tuscola Intermediate School District	94 324 05
Sanilac Intermediate School District	647 29
Kingston Area Schools	150 053 69
Cass City School District	34 673 06
Marlette Community Schools	401 67
Refunds	<u>316 02</u>
Total cash disbursements	<u>620 679 38</u>
Cash in Bank – End of Year	<u><u>-</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707



AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 14, 2004

To the Township Board
Township of Kingston
Tuscola County, Michigan

We have audited the financial statements of the Township of Kingston, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Kingston in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Kingston
Tuscola County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Kingston
Tuscola County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Kingston will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants